

WATER PURCHASE AGREEMENT

This Agreement is entered into this 3rd day of December, 1987, by and between Springdale Consolidated Irrigation Company, a mutual irrigation company incorporated under the laws of the State of Utah, hereinafter referred to as ("Irrigation Company") and Springdale Town, a political subdivision of the State of Utah, hereinafter referred to as ("The Town").

R E C I T A L S

WHEREAS, the Irrigation Company is the owner of certain water rights currently being used for irrigation purposes in the Town of Springdale, Utah, and

WHEREAS, the Town is desirous of acquiring a certain portion of those water rights for the purpose of utilizing the water within the municipal water system, and

WHEREAS, the Irrigation Company is contemplating the execution of a loan from the Utah State Board of Water Resources for certain improvements to the Irrigation Company's water system and the installation of a secondary water system.

NOW THEREFORE in consideration of the mutual covenants and conditions contained herein, the parties agree as follows:

1. A. The Town agrees to purchase from the Irrigation Company and the Irrigation Company agrees to convey to the Town a certain portion of the water right represented by Award #A68 as

specified in the so called Virgin River Decree St. George and Washington Canal Company v. Hurricane Canal Company (1931)

currently owned by the Irrigation Company, that right being equivalent to a maximum flow of 3.97 cubic foot per second for the irrigation of two hundred and eighteen (218.0) acres of land.

B. The Irrigation Company agrees to execute a Quit Claim Deed so conveying said portion of the water right to the Town, an assignment of Water Right to be filed in the Office of the Utah State Engineer and an Application to Segregate a Water Right to be filed in the Office of the Utah State Engineer. The amount so conveyed by the company to the Town shall equal and be equivalent to a maximum flow of 1.97 cubic feet per second or a total annual quantity of 541 acre feet per year and be so specified in the above-mentioned documents but in no case less than 1.00 cubic foot per second or the total annual quantity of 275 acre feet per year. Said amount so conveyed to the Town shall be subject to modification upon completion of the final Proposed Determination by the Office of the Utah State Engineer under the current Readjudication of the Virgin River wherein that certain water right being conveyed herein as specified in the Quit Claim Deed, assignment and Segregation shall be so amended at that time to reflect the final amount of water so being conveyed in this agreement if said Final Determination awards the Irrigation Company more water than 549 acre feet per year at which time all

such amount in excess of 549 shall be deducted from that amount herein conveyed to the Town. The maximum said reduction shall in any event be 266 acre feet per year. Any reduction of the amount being conveyed herein to the Town resulting from said final determination shall be considered to have been held in trust only by the Town and not intended to be utilized by the Town as a part of its municipal water system and to be permanently held by the Town.

2. A. The Town shall pay to the Irrigation Company the amount of One Hundred Thousand Dollars (\$100,000.00) for said water right.

B. The terms of the payment shall be as follows:

(1) An initial down payment of \$40,000.00 shall be delivered to the Irrigation Company upon the date of execution of this agreement.

(2) The Irrigation Company shall use said initial down payment for engineering costs and services to design a certain secondary water system to be constructed by the Irrigation Company pursuant to a loan from the Utah State Board of Water Resources.

(3) The remaining balance above the \$40,000.00 initial down payment shall be paid if and when a certain loan is executed by the Town with the Utah Safe Drinking Water Committee for utilization in improvement of its municipal water system. In

any event, the remaining balance above the initial payment shall be paid on or before July 1, 1988.

3. The Irrigation Company agrees to be responsible for the payment of the loan obligation from the Utah Board of Water Resources equal to \$35.00 per year per currently issued share for all now current shareholders in the Irrigation Company.

4. The Town agrees to be responsible for the payment of all necessary funds of the loan obligation by the Irrigation Company to the Utah Board of Water Resources above that amount equal to \$35.00 per year per share for all shareholders in the Irrigation Company. The Town in no way or fashion shall warrant or have any obligation to pay any amount above this difference between the obligation of the Irrigation Company based on the amount of \$35.00 per year per share and the annual obligation under that certain loan with the Board of Water Resources.

5. For the period of the loan the Irrigation Company shall have title and ownership of the secondary system so developed and full right to use of the system except for a portion of the secondary system which shall be permanently reserved to the Town to transport any water owned by the Town, including ample capacity for expansion of said uses as specified in the engineering design now being developed by ARIX Engineering.

6. A. The Irrigation Company shall grant to the Town a permanent and perpetual Transportation Easement in the secondary

system for the Town's sole use for delivering water to the Town's customers as determined by the Town's sole discretion.

B. As a part of the Transportation Easement, the Irrigation Company shall grant to the Town by appropriate documents the right of permanent access to all existing points of diversion and any easements or rights-of-way now held by the Irrigation Company for utilization the water right purchased from the Irrigation Company.

7. The Town shall have full discretion to utilize the water right purchased from the Irrigation Company so long as said uses do not adversely affect the existing water rights of the Irrigation Company.

8. The Town shall have the first right of refusal to acquire any shares or portion thereof of the Irrigation Company currently outstanding, wherein said first right of refusal shall be exercised within 60 days of a notice given in writing to the Town by the Irrigation Company or shareholder of any proposed sale, transfer or other conveyance of the shares of the Irrigation Company to any third party other than a shareholder. This first right of refusal excludes any conveyance by means of inheritance, or any conveyance wherein the use of the water represented by the shares remains on the property currently being irrigated by the shares being conveyed and said property is owned or being purchased by the purchasers. If the Town does not so

notify the Irrigation Company in writing of its intent to exercise its first right-of-refusal within 60 days of said notice, the Irrigation Company and the shareholder so offering to sell shall have full right and authority to sell said shares as proposed.

9. A. The operation and management of the secondary system shall be assumed by the Town, including all billings and collections for both the operation, maintenance, scheduling and the payment of the Board of Water Resources loan for the secondary system. The Town shall establish on an annual basis a certain operation and maintenance fee to be paid to the Town for the operation and maintenance of the system which may be reviewed by the Board of Directors of any appropriate time. *The Irrigation Company at its own expense*

B. The rates to be charged by the Town shall be divided into two classes, those being:

(1) The "Class 1" rate for water delivered which is based upon sharehold interest in the Irrigation Company. The total amount of revenue from this class shall be equal to thirty six percent (36.0%) of the total amount of operation and management costs charged by the Town, and

(2) "Class 2" being a rate for water delivered which is based on water owned by the Town, the total amount of revenue from this class shall be equal to sixty four percent (64.0%) of the total amount of operation and management costs

charged by the Town.

10. Any improvements, replacements, or extraordinary system costs beyond the annual operation and maintenance costs shall be the responsibility and obligation of both the Town and the Irrigation Company based upon their proportionate interest in the total water right (Award No. A68) then currently owned by either the Town or the Irrigation Company.

11. The ownership and maintenance obligation of certain ditches currently owned or controlled by the Irrigation Company which would be abandoned under the secondary system shall be assumed by the Town for flood control purposes and those portions of the main ditch which will continue to be used for flood irrigation wherein all operation and maintenance costs shall be so assumed by the Town. The Town shall not assume any liability or ownership of any other ditches owned by Company.

12. In consideration of the payments herein committed to by the Town and the obligation to operate and maintain the system, the Irrigation Company agrees to convey to the Town all right, title and interest to the secondary system upon final payment and satisfaction of the proposed loan from the Utah Board of Water Resources. This does not include any conveyance of water rights beyond those herein specified in Paragraph 1.

13. A. The obligation of the Town to deliver water and operate the secondary system shall be only to that point for each

water user at which the water is delivered into a valve or a ditch as specified in the engineering design.

B. The Town in no way or fashion warrants or guarantees any further delivery of water beyond that point and, further, the Town in no way or fashion by warrants, guarantees or otherwise insures any water user of the quantity, or quality of the water so delivered which is subject to all natural and all other causes out of the control of the Town.

14. If for any reason any term, part, section, provision or covenant of this Agreement is held by a court of competent jurisdiction to be illegal or otherwise unenforceable all other terms, parts, sections, provisions or covenants of this Agreement shall, in any event, remain in full-force and affect and, in all respects, binding upon the parties.

15. This contract shall be binding upon and inure to the benefit of the parties hereto and upon their respective heirs, successors, and assigns.

16. This contract constitutes the full and complete agreement by and between these parties, and shall supercede any prior written or oral discussions, representations, or agreements of the parties.

IN WITNESS WHEREOF the parties have hereunder set their hands the day and year set forth above.

SPRINGDALE TOWN

By

Its

David R. Johnson
Mayor

Attest:

Saul [Signature]
Town Clerk

Subscribed and sworn to before me this 3rd day of
December, 1987.

My Commission Expires:

05-03-89

Lillian A. Baiardi
NOTARY PUBLIC

Residing At: Springdale, Utah

SPRINGDALE CONSOLIDATION
IRRIGATION COMPANY

By

Its

Frank Urban
President

Attest:

R. B. Huffel
Secretary

Subscribed and sworn to before me this 3rd day of
December, 1987.

My Commission Expires:

05-03-89

Lillian A. Baiardi
NOTARY PUBLIC

Residing At: Springdale, Utah

AMENDMENT TO AGREEMENT

88-2415

This Amendment to Agreement entered into this 5th day of May, 1995, by and between the State of Utah, acting through the BOARD OF WATER RESOURCES, sometimes referred to herein as the STATE, and the SPRINGDALE CONSOLIDATED IRRIGATION COMPANY, a corporation, organized under the Laws of the State of Utah, sometimes referred to herein as the WATER COMPANY, and SPRINGDALE TOWN, an incorporated town of the State of Utah, sometimes referred to herein as the TOWN:

W I T N E S S E T H

WHEREAS, the STATE and the WATER COMPANY did on February 12, 1988 enter into an Agreement wherein the STATE provided \$600,000 plus technical assistance for construction of a farm sprinkle irrigation system for the benefit of the WATER COMPANY and a secondary irrigation system for the benefit of the TOWN, said irrigation systems sometimes referred to herein as the PROJECT, being located in Sections 21, 22, 28, 29, 32, and 33, T41S, R10W, and Section 5, T42S, R10W, SLB&M, in Washington County, Utah; and

WHEREAS, pursuant to said Agreement the WATER COMPANY conveyed to the STATE the right to the waters of the Virgin River awarded to the WATER COMPANY under Award No. A68 of the Virgin River Decree, which water right, as well as the PROJECT facilities, were to be re-purchased by the WATER COMPANY, and upon full payment of the STATE funds, title would be vested in the WATER COMPANY; and

WHEREAS, the TOWN and the WATER COMPANY had previously on December 3, 1987 entered into a Water Purchase Agreement wherein the TOWN agreed to purchase a maximum of 1.97 cfs, but not less than 1.0 cfs, of Water of said Award No. A68 from the WATER COMPANY, and 1.17 cfs was subsequently Quit Claimed to the TOWN; and

WHEREAS, the STATE's water right requirement under the February 12, 1988 Agreement will be satisfied with the balance of Award No. A68 after the TOWN's share of 1.17 cfs has been deducted; and

WHEREAS, the TOWN has requested and the STATE has approved a loan of \$420,000, to be secured by a parity water revenue bond, for construction of a water treatment plant and the water specified in the Water Purchase Agreement is needed to satisfy the requirements for the bond; and

WHEREAS, it is the desire of the Parties to amend the previous Agreement between the STATE and the WATER COMPANY, for the purpose of allowing the appropriate portion of the water right to be vested in Springdale Town, and as the Parties are ready, willing and able to enter into a contract for such purpose;

NOW THEREFORE, by mutual consent of the Parties, the Agreement dated February 12, 1988 is hereby amended as follows:

1. Paragraph 18 of the Agreement dated February 12, 1988 is hereby deleted and the following paragraph 18 substituted:

"18. After the WATER COMPANY shall have paid in full the purchase price, as defined above, the STATE shall execute such deeds and bills of sale as will be necessary to revest the same title to the aforesaid property and water rights in the WATER COMPANY, except that the STATE shall Quit Claim to the TOWN upon execution of this amendment, 1.17 cfs of the water right named in paragraph 2 of the February 12, 1988 Agreement, and the balance of the said water right shall be held by the STATE and returned to the WATER COMPANY upon full payment as specified above."

2. The TOWN agrees that it shall continue to pay to the WATER COMPANY its share of the annual payments required of the WATER COMPANY under the February 12, 1988 Agreement until the purchase price, as specified above, has been paid in full.

3. It is mutually agreed that, except as herein provided, the Agreement dated February 17, 1988 shall remain in full force and effect.

* * * * *

IN WITNESS WHEREOF, the State of Utah, acting through the BOARD OF WATER RESOURCES, has caused these presents to be signed by the Chairman and Director of the said BOARD OF WATER RESOURCES by authority of a resolution of said Board; and the SPRINGDALE CONSOLIDATED IRRIGATION COMPANY, has caused these presents to be signed and executed on its behalf by Dennis E. Johnson, its President, and Dale C. Gilchrist, its Secretary, by authority of a resolution of its Board of Directors; and the TOWN OF SPRINGDALE has caused these presents to be signed and executed on its behalf by ERIC BONNER, its Mayor Pro-Tem, and Susann Fraley, its Clerk, by authority of a resolution of its Town Council.

SPRINGDALE CONSOLIDATED
IRRIGATION COMPANY

BOARD OF WATER RESOURCES

Dennis E. Johnson
President

Larry S. Ross
Chairman

Dale C. Gilchrist
Secretary

D. Larry Anderson
Director

SPRINGDALE TOWN

AVAILABILITY OF FUNDS:

[Signature]
Mayor

[Signature]
Division Budget/Accounting

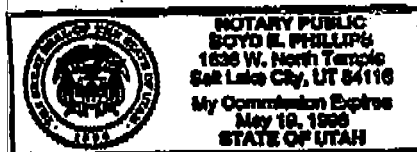
Susann Fraley
Attest: Clerk

APPROVED: DEPARTMENT OF FINANCE

for Director of Finance

STATE OF UTAH)
County of Salt Lake) ss

On the 5th day of May, 1995, personally appeared before me Larry S. Ross and D. Larry Anderson, who being duly sworn did say that they are respectively the Chairman and Director of the BOARD OF WATER RESOURCES, and that they signed the foregoing instrument in behalf of the said BOARD by authority of a resolution of said BOARD, and they also acknowledged to me that the said BOARD executed the same.



Boyd E. Phillips
Notary Public

STATE OF UTAH)
County of Washington)^{ss}

On the 5 day of May, 1995, personally appeared before me Dennis E. Johnson (and Dale C. Gilchrist, who being duly sworn did say that they are respectively the President and Secretary of the SPRINGDALE CONSOLIDATED IRRIGATION COMPANY and that they signed the foregoing instrument in behalf of said Corporation by authority of a resolution of its Board of Directors, and they also acknowledged to me that said Corporation executed the same.



Susann Fraley
Notary Public

STATE OF UTAH)
County of Washington)^{ss}

On the _____ day of _____, 1995, personally appeared before me _____ and Susann Fraley, who being duly sworn did say that they are respectively the Mayor Pro-Tem and Clerk of the TOWN OF SPRINGDALE and that they signed the foregoing instrument in behalf of said Town by authority of a resolution of its Town Council and they also acknowledged to me that said Corporation executed the same.

Notary Public

AMENDMENT TO AGREEMENT

This Amendment to Agreement entered into this 21st day of September, 2004, by and between the Springdale Consolidated Irrigation Company, a mutual irrigation company incorporated under the laws of the State of Utah, hereinafter referred to as ("Irrigation Company") and Springdale Town, a political subdivision of the State of Utah, hereinafter referred to as ("Town").

RECITALS

WHEREAS, the Irrigation Company is responsible for the loan payment on, and owns, the pressurized irrigation system, which is scheduled to be paid in full in 2014; and

WHEREAS, the Town is paying \$29,687 annually, and the Irrigation Company is paying \$15,540 annually, towards the cost of the system; and

WHEREAS, pursuant to the Water Purchase Agreement between the parties dated December 3, 1987, the Town may purchase a maximum amount of water of up to 1.97 cfs; however, the Town has currently paid for and received by quit claim deed only 1.17 cfs. The remaining .80 cfs must be purchased from the Irrigation Company; and

WHEREAS, the Town is scheduled to receive legal title to the system upon full payment of the loan; and

WHEREAS, the Town desires to pay off the loan in 2004 and acquire legal title to the system in order to be able to bond for a new reservoir expansion for its primary (culinary) water system; and

WHEREAS, the Irrigation Company desires to improve the irrigation system by adding improvements, such as a settling pond, that will improve the quality of water for both the primary and secondary water systems.

NOW THEREFORE, by mutual consent of the parties, the Agreement dated December 3, 1987 is hereby amended as follows:

1. Paragraphs 3, 4, 5, 6A, 9A and 10 of the Agreement are hereby deleted and replaced by the following paragraphs 3, 4, 5, 6A, 9A and 10:
 - "3. The Irrigation Company agrees to pay to the Town an amount equal to \$35.00 per year for each currently issued share of stock for all now current shareholders in the Company (approximately \$15,540) until March 31, 2014, unless extended by mutual agreement."
 - "4. The Town agrees to be responsible for the bonding, acquisition, construction and maintenance of its new primary water improvements. The Irrigation

Company shall have no obligation to contribute to or share in the costs of such bonding, acquisition, construction and maintenance.”

- “5. The Town shall have title and ownership of the secondary system so developed and full right to use of the system except for a portion of the secondary system which shall be permanently reserved to the Irrigation Company to transport any water owned by the Irrigation Company, including ample capacity for expansion of said uses as specified in the engineering designs developed by ARIX Engineering.”
- “6A. The Town shall grant to the Irrigation Company a permanent and perpetual Transportation Easement in the secondary system for the Irrigation Company’s sole use for delivering water to the Irrigation Company’s shareholders as determined by the Secondary Water Advisory Board (SWAB) as outlined in 9A below.”
- “9A. The administration of the of the secondary system shall be supervised by the Secondary Water Advisory Board (SWAB) for the operation, maintenance and scheduling for the secondary system. The SWAB members shall consist of five (5) members, three (3) of whom shall be appointed by the Springdale Consolidated Irrigation Company and two (2) of whom shall be members of the Town Council and appointed as stipulated in Springdale Code Section 8-2-2. The SWAB shall establish on an annual basis a proportional fee to be paid to the Town by the Irrigation Company for the operation and maintenance of the secondary system as outlined in paragraph 9B. The SWAB shall also determine the proportional share to the Irrigation Company of costs for maintenance, repair and utilities for the Pump Station located on the Giant Screen Theater property, near the entrance to Zion National Park. The Town shall be responsible for all billings and collections for the operation and maintenance of the system, and payment of the Bond. 1
- “10. Any improvements, replacements, or extraordinary secondary system costs shall be the responsibility and obligation of both the Town and the Irrigation Company based upon their proportionate interest as outlined in paragraph 9B in the total water right then currently owned by either the Town or the Irrigation Company.”
2. The following paragraphs are hereby added to the Agreement as paragraphs 17 and 18.
- “17. The Town and the Irrigation Company shall work to develop and implement improvements to both the primary and the secondary systems designed to remove debris and improve the quality of the water delivered to the Irrigation Company’s shareholders and the Town’s customers. If deemed necessary and appropriate, the SWAB will within one year following the signing of this document undertake an engineering study to recommend such improvements.

The Town and the Irrigation Company shall share the costs of the study based upon their proportionate interest as outlined in paragraph 9B in the total water right then currently owned by either the Town or the Irrigation Company."

- "18. The parties agree the prevailing party in any dispute over any portion of this Agreement (the original Water Purchase Agreement or this Amendment) shall be entitled to an award of all costs and attorney fees incurred to prosecute such dispute whether in district court or by alternative dispute resolution."
3. It is mutually agreed that, except as herein provided, the Agreement dated December 3, 1987 shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have hereunder set their hands the day and year set forth above.

SPRINGDALE TOWN

By [Signature]
Its MAYOR

Attest:

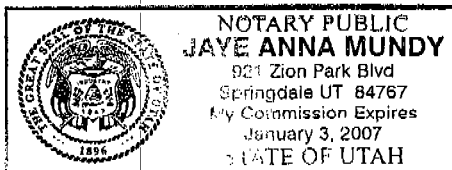
[Signature]
Town Clerk

Subscribed and sworn to before me the 21st day of September, 2004.

My Commission Expires:

1-3-07

[Signature]
NOTARY PUBLIC
Residing At: Springdale UT



SPRINGDALE CONSOLIDATED
IRRIGATION COMPANY

By [Signature]
Its PRESIDENT

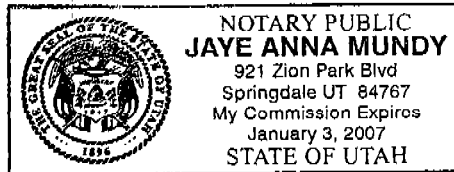
R. B. Hunt
Secretary

Subscribed and sworn to before me the 21st day of September,
2004.

My Commission Expires:

1-3-07

J. A. Mundy
NOTARY PUBLIC
Residing At: Springdale UT





State of Utah

Department of
Natural Resources

MICHAEL R. STYLER
Executive Director

Division of
Water Resources

D. LARRY ANDERSON
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY HERBERT
Lieutenant Governor

RECEIVED AT
SPRINGDALE TOWN OFFICE

FEB 02 2005

January 31, 2005

BY: _____

Mr. Dale C. Gilchrist, President
Springdale Consolidated Irrigation Company
P.O. Box 291
Springdale, Utah 84767-0291

Dear Mr. Gilchrist:

Thank you and Springdale Town for the complete repayment of the 1988 Agreement for the Springdale lawn and garden irrigation system. We understand that Springdale Town has taken over the system and has paid the loan balance early. We also realize that the town will be the end recipient of all the system except the water rights (note: 1-17 cfs of the water right has already been deeded to the town). Our agreement, however, specifies that we return the rest of the water rights and other securities to the irrigation company. It will be up to the company and the town to complete the transfer.

Enclosed are documents which convey back to the Springdale Consolidated Irrigation Company, title to the water rights, and release the rights for easements and facilities held by the State.

Please have these documents recorded with the County Recorder and have the recorder send us a certified copy of each document. These certificates are to be furnished to us without charge under the terms of Section 21-7-2, Utah Code Annotated.

You will be responsible for changing the ownership records for your water rights in the Office of the State Engineer. Please contact them at the Regional office for information on how to accomplish this.

If you have any questions, please contact me at 538-7284.

Sincerely,

Boyd E. Phillips
Contracts Officer

Enclosure

cc: Lynn K. Smith

Greg Hardman

1594 West North Temple, Suite 310, PO Box 146201, Salt Lake City, UT 84114-6201
telephone (801) 538-7230 • facsimile (801) 538-7279 • www.water.utah.gov

Utah!
Where ideas connect™



State of Utah

Department of
Natural Resources

MICHAEL R. STYLER
Executive Director

Division of
Water Resources

D. LARRY ANDERSON
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY HERBERT
Lieutenant Governor

RECEIVED AT
SPRINGDALE TOWN OFFICE

FEB 02 2005

January 31, 2005

BY: _____

Mr. Dale C. Gilchrist, President
Springdale Consolidated Irrigation Company
P.O. Box 291
Springdale, Utah 84767-0291

Dear Mr. Gilchrist:

Thank you and Springdale Town for the complete repayment of the 1988 Agreement for the Springdale lawn and garden irrigation system. We understand that Springdale Town has taken over the system and has paid the loan balance early. We also realize that the town will be the end recipient of all the system except the water rights (note: 1-17 cfs of the water right has already been deeded to the town). Our agreement, however, specifies that we return the rest of the water rights and other securities to the irrigation company. It will be up to the company and the town to complete the transfer.

Enclosed are documents which convey back to the Springdale Consolidated Irrigation Company, title to the water rights, and release the rights for easements and facilities held by the State.

Please have these documents recorded with the County Recorder and have the recorder send us a certified copy of each document. These certificates are to be furnished to us without charge under the terms of Section 21-7-2, Utah Code Annotated.

You will be responsible for changing the ownership records for your water rights in the Office of the State Engineer. Please contact them at the Regional office for information on how to accomplish this.

If you have any questions, please contact me at 538-7284.

Sincerely,

Boyd E. Phillips
Contracts Officer

Enclosure

cc: Lynn K. Smith

Greg Hardman

1594 West North Temple, Suite 310, PO Box 146201, Salt Lake City, UT 84114-6201
telephone (801) 538-7230 • facsimile (801) 538-7279 • www.water.utah.gov

Utah!
Where ideas connect™

NOTICE OF SATISFACTION OF CONTRACT AND RELEASE OF INTEREST

This Notice of Satisfaction of Contract and Release of Interest pertains to that certain agreement between the State of Utah, acting through the Board of Water Resources, and Springdale Consolidated Irrigation Company, recorded in the Washington County Recorder's office as follows:

<u>Document</u>	<u>Date</u>	<u>Recorded</u>	<u>Entry No.</u>	<u>Book No.</u>	<u>Page Nos.</u>
Agreement	2/12/88	10/11/88	338887	500	316-321
Certification & Acknowledgment	12/3/87	10/11/88	338888	500	322-323


The Board of Water Resources acknowledges that the parties have fully satisfied all obligations contained in said agreement. The Board of Water Resources hereby releases to Springdale Consolidated Irrigation Company any and all interest created under said documents to rights-of-way and easements as well as all physical facilities constructed pursuant to said documents as a sprinkle irrigation system located in Washington County, more particularly described as extending through parts of Sections 21, 22, 28, 29, 32, and 33, T41S, R10W, and Section 5, T42S, R10W, SLB&M.

DATED this 30th Day of December, 2004.

State of Utah, Acting Through the
BOARD OF WATER RESOURCES

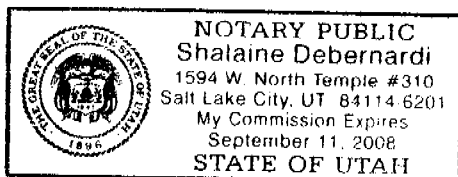
ATTEST:


Chairman


Director

STATE OF UTAH)
COUNTY OF SALT LAKE) ss.

On the 30th Day of December, 2004, personally appeared before me Harold G. Shirley and D. Larry Anderson, who being by me duly sworn did say that they are the Chairman and Director of the Board of Water Resources and that the foregoing instrument was signed on behalf of the State of Utah acting through the Board of Water Resources.




Notary Public

SPECIAL WARRANTY DEED

The State of Utah, acting through the BOARD OF WATER RESOURCES, GRANTOR, for the full payment of the purchase price, receipt of which is hereby acknowledged, of the Agreement dated February 12, 1988, with Springdale Consolidated Irrigation Company, a corporation of the State of Utah, hereby conveys and warrants to the SPRINGDALE CONSOLIDATED IRRIGATION COMPANY, GRANTEE, the following-described water rights in Washington County, Utah:

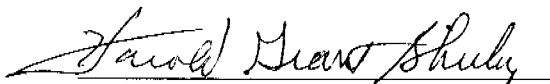
Water Right No. 81-1142, being particularly the waters of the Virgin River awarded to the Springdale Consolidated Irrigation Company in Award No. 68 of the Virgin River Decree of the Fifth Judicial District Court of Utah in and for Washington County, St. George and Washington Canal Co. vs. Hurricane Canal Co., as amended by Supplemental and Final Decree April 21, 1931. Less 1.17 cfs of the above water right which was previously assigned to Springdale Town on May 5, 1995, and recorded May 12, 1995 as No. 499890, Book 907, page 383.


The officers who sign herein do hereby certify that this document and the transfer represented thereby was duly authorized by the Board of Water Resources.

IN WITNESS WHEREOF, we have herewith set our hands this 30th day of December, 2004.

State of Utah, Acting Through the
BOARD OF WATER RESOURCES

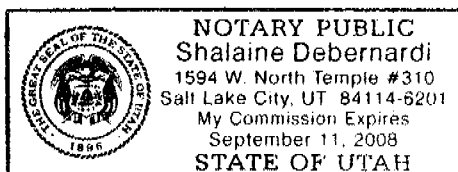
ATTEST:


Chairman


Director

STATE OF UTAH)
COUNTY OF Salt Lake) ss.

On the 30th Day of December, 2004, personally appeared before me Harold Grant Shirley and D. Larry Anderson, who being by me duly sworn did say that they are the Chairman and Director of the Board of Water Resources and that the foregoing instrument was signed on behalf of the State of Utah acting through the Board of Water Resources.




Notary Public